

employee plans news

PROTECTING RETIREMENT BENEFITS THROUGH EDUCATING CUSTOMERS

Opening of the Pre-Approved (Volume Submitter and Master & Prototype) Defined Benefit Plans Program Announced

As of February 1, 2007, the IRS will begin accepting applications for advisory and opinion letters for defined benefit plans in accordance with Revenue Procedures [2005-16](#) and [2005-66](#).

Application submissions should include:

- 1) Volume Submitter Plans:
 - a) signed cover letter with the information and certifications requested in sections 17 and/or 18 of Rev. Proc. 2005-16,
 - b) specimen plan document,
 - c) trust document,
 - d) Form 8717 with the applicable user fee,
 - e) Form 2848 (if applicable), and
 - f) an index of variables.
- 2) Master & Prototype Plans:
 - a) November 2003 version of Form 4461-A,
 - b) plan document,
 - c) adoption agreement,
 - d) trust document,
 - e) Form 8717 with the applicable user fee, and
 - f) Form 2848 (if applicable).

The Service is currently revising Form 4461-A. Upon completion, the form will accommodate both Volume Submitter and Master & Prototype plans.

All submissions should be made to the following address:

Internal Revenue Service
Attn: Coordinator, Pre-Approved Plans
PO Box 2508, Room 5106
Cincinnati, OH 45201

or

Internal Revenue Service
Attn: Coordinator, Pre-Approved Plans
550 Main Street, Room 5106
Cincinnati, OH 45202 ■

Determination Letter Program Open for Cycle B Individually Designed and Multiple Employer Plans

The IRS is now accepting applications for determination letters for Cycle B defined benefit and defined contribution individually designed plans. In addition, Cycle B includes applications for determination letters for multiple employer plans. The submission period for Cycle B plans begins on February 1, 2007. Applications must be postmarked no later than January 31, 2008 to be timely submitted. These applications will be reviewed taking into account the requirements of EGTRRA as well as other changes in qualification requirements and guidance identified in the Cumulative List in [Notice 2007-3](#).

Under these new procedures, sponsors of individually designed plans will submit applications for determination letters once every five years, under a staggered system of 5-year cycles. Not all individually designed plans have the same cycle, so be sure that your plan is submitted within the appropriate [cycle](#) (unless you wish to submit an “off-cycle” filing). For example, Cycle C plans should not begin to submit applications until February 1, 2008.

Please keep in mind that user fees for submitting determination letters increased on July 1, 2006. Applications postmarked on or after July 1, 2006 will be subject to the [new user fee schedule](#).

For further information on the program for individually designed plans, including how off-cycle filings affect reliance, see [Rev. Proc. 2005-66](#) (describing the 5-year staggered system). [Rev. Proc. 2007-6](#) contains procedures on the determination letter program and the [Determination Letter Resource Guide](#) describes application procedures, contains links to forms and provides other helpful information. ■

IRS Employee Plans Director Comments on Staggered Remedial Amendment Cycles

Joseph Grant, IRS Employee Plans Director, spoke to approximately 300 benefits practitioners at the [Los Angeles Benefits Conference](#) on January 25, 2007.

In his remarks, Mr. Grant discussed how the IRS will provide timely, accurate and responsive service. He compared the old process of providing service under the Determination Program to the new process under the [Staggered Remedial Amendment Period Revenue Procedure](#).

Historically, the IRS faced huge spikes of determination applications when new legislation was enacted. EP agents were pulled from their examination/enforcement efforts to work the backlog of determinations. The backlogs created by the old process resulted in lengthy delays, taxpayer complaints and an inefficient administration process for taxpayers and the IRS. The new process of working determinations based on staggered remedial amendment cycles was designed to avoid the backlogs. **Under the new process, the time to process a determination letter has decreased from about “324 to 242 days” while at the same time EP agents have not been pulled from their examination/enforcement work.** EP’s goal is to decrease the processing of a determination letter and voluntary compliance application to 120 days; a timeframe that participants in our customer satisfaction surveys support.

"In our first year under the new process, we have received the majority of our determination letter applications during the last week of our cycle. This has caused a mini-spike that will negatively affect our case processing time," said Andy Zuckerman, IRS Director, EP Rulings and Agreements. *"Our challenge is to eliminate this mini-spike from reoccurring in future years by encouraging more submissions earlier in each cycle."*

Mr. Grant stated that the **IRS is committed to the new process of working determination applications** based on remedial amendment cycles. The IRS will not go back to the old "inefficient" process.

Mr. Grant asked for feedback on the new process and noted that of the 4,000 applications expected on **Cycle A**, the IRS has only received 1,100 applications as of mid-January 2007. He asked the practitioners why so many were waiting to the end of the cycle to submit applications. One comment was that some practitioners may prefer to send applications on the last day, just in case new law or regulatory changes are made. Mr. Grant's position is that new law or regulatory changes made subsequent to the issuance of the cumulative list for a cycle will not affect the issuance of determination letters for that cycle, so delaying a submission was not to the taxpayer's advantage.

Mr. Grant assured the practitioners that he and his staff will work with them to make the new process work by listening and addressing their concerns.

Additional priorities discussed by Mr. Grant were a better examination selection process and shutting down Abusive Tax Avoidance Transactions. Mr. Grant concluded his remarks by stating that he would like to continue to partner and work with practitioners regarding their concerns and problems with retirement plans. ■

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